

# SOLICITOR

AO 120 (Rev. 2/99)

<b>TO: Mail Stop 8</b> <b>Director of the U.S. Patent &amp; Trademark Office</b> <b>P.O. Box 1450</b> <b>Alexandria, VA 22313-1450</b>	<b>AUG 27 2007</b>	<b>REPORT ON THE</b> <b>FILING OR DETERMINATION OF AN</b> <b>ACTION REGARDING A PATENT OR</b> <b>TRADEMARK</b>
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In Compliance with 35 § 290 and/or 15 U.S.C. § 1116 you are hereby advised that a court action has been  
filed in the U.S. District Court Northern District of California on the following ☒ Patents or ☐ Trademarks:

DOCKET NO. <b>CV 07-04295 JL</b>	DATE FILED <b>8/21/07</b>	U.S. DISTRICT COURT <b>Northern District of California, San Francisco Division</b>
PLAINTIFF <b>KYPHON INC</b>		DEFENDANT <b>LENNY C. PHAN</b>
PATENT OR TRADEMARK NO.	DATE OF PATENT OR TRADEMARK	HOLDER OF PATENT OR TRADEMARK
1 <b>6,607,544</b>		COMPLAINT ATTACHED
2 <b>6,623,505</b>		
3 <b>6,979,341</b>		
4		
5		

In the above—entitled case, the following patent(s) have been included:

DATE INCLUDED	INCLUDED BY <input type="checkbox"/> Amendment <input type="checkbox"/> Answer <input type="checkbox"/> Cross Bill <input type="checkbox"/> Other Pleading		
PATENT OR TRADEMARK NO.	DATE OF PATENT OR TRADEMARK	HOLDER OF PATENT OR TRADEMARK	
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In the above—entitled case, the following decision has been rendered or judgement issued:

DECISION/JUDGEMENT
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CLERK <b>Richard W. Wieking</b>	(BY) DEPUTY CLERK <b>Gloria Acevedo</b>	DATE <b>August 23, 2007</b>
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Copy 1—Upon initiation of action, mail this copy to Commissioner    Copy 3—Upon termination of action, mail this copy to Commissioner  
Copy 2—Upon filing document adding patent(s), mail this copy to Commissioner    Copy 4—Case file copy

COPY

1 MICHAEL A. JACOBS (CA SBN 111664)  
mjacobs@mofo.com  
2 GRANT L. KIM (CA SBN 114989)  
gkim@mofo.com  
3 RICHARD S.J. HUNG (CA SBN 197425)  
rhung@mofo.com  
4 MORRISON & FOERSTER LLP  
425 Market Street  
5 San Francisco, CA 94105  
Telephone: (415) 268-7000  
6 Facsimile: (415) 268-7522

7 Attorneys for Plaintiff KYPHON INC.

E-filing

ORIGINAL  
FILED

AUG 21 2007

RICHARD W. WIEKING  
CLERK, U.S. DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA

8 UNITED STATES DISTRICT COURT  
9  
10 NORTHERN DISTRICT OF CALIFORNIA

11 KYPHON INC.,

12 Plaintiff,

13 v.

14 LENNY C. PHAN, an individual,

15 Defendant.  
16

C 07

Case No.

COMPLAINT FOR PATENT  
INFRINGEMENT, BREACH OF  
CONTRACT & CONVERSION JL

DEMAND FOR JURY TRIAL

17 Plaintiff Kyphon Inc., for its Complaint, alleges:  
18

19 PARTIES

20 1. Plaintiff Kyphon is a corporation incorporated under the laws of the State of  
21 Delaware with its principal place of business at 1221 Crossman Avenue, Sunnyvale, California  
22 94089.

23 2. Kyphon is a pioneer in the field of kyphoplasty, a minimally invasive surgical  
24 procedure for repairing spinal fractures. Such fractures may result from osteoporosis, cancer, or  
25 medical treatments such as chemotherapy. Balloon kyphoplasty involves the surgical insertion of  
26 a balloon into the fractured bones of the spine to raise them and restore them to their correct  
27 position. As a result, kyphoplasty can help relieve the significant back pain and stooped posture  
28 that many spinal fracture sufferers experience.

3. Defendant Lenny Chi Phan is a former Kyphon employee. He previously resided at 1141 Pembroke Drive, San Jose, California 95131, and now resides at 4445 Fairway Drive, Carrollton, Texas 75010.

#### JURISDICTION AND VENUE

4. This is an action for patent infringement arising under the patent laws of the United States, Title 35 of the United States Code and for breach of contract and conversion. This Court has subject matter jurisdiction over the patent infringement claims under 28 U.S.C. § 1331 (federal question) and § 1338(a) (patents). This Court has subject matter jurisdiction over the breach of contract and conversion claims under 28 U.S.C. § 1367(a) (supplemental jurisdiction) or, alternatively, under § 1332(a)(1) (diversity).

5. Mr. Phan is subject to personal jurisdiction in this District because he has worked or lived in this District and committed acts of infringement in this District. Mr. Phan also is subject to personal jurisdiction in this District by express consent.

6. Venue is proper under 28 U.S.C. § 1391(b)(2) and § 1400(b).

#### INTRADISTRICT ASSIGNMENT

7. Pursuant to Civil L.R. 3-2(c), the Intradistrict Assignment rules do not apply to this Complaint.

#### FIRST CAUSE OF ACTION

(Infringement of U.S. Patent No. 6,607,544)

8. Kyphon is the owner by assignment of all rights, title, and interest in and to United States Patent No. 6,607,544 ("the '544 patent"), issued on August 19, 2003 and entitled "Expandable Preformed Structures for Deployment in Interior Body Regions." The '544 patent is attached as Exhibit A.

9. Mr. Phan is infringing or has infringed the '544 patent directly or indirectly under 35 U.S.C. § 271 by making, using, offering for sale, or selling products for use in performing kyphoplasty. Mr. Phan's products encompass an invention claimed by the '544 patent or are a substantial part of such an invention. Mr. Phan's products are specially made or adapted for use in an invention claimed by the '544 patent and are not staple articles or commodities of commerce

1 suitable for substantial non-infringing uses. Upon information and belief, Mr. Phan knowingly  
2 and actively has instructed or continues to instruct purchasers in the use of his products in a  
3 manner that infringes or would infringe the '544 patent.

4 10. Mr. Phan's infringement is without the consent or other authority of Kyphon.  
5 Mr. Phan is not licensed under the '544 patent.

6 11. On information and belief, Mr. Phan has infringed or is infringing the '544 patent  
7 with knowledge of Kyphon's patent rights and despite an objectively high likelihood that his  
8 actions constituted infringement. Mr. Phan's infringement of the '544 patent has been and  
9 continues to be willful.

10 12. Kyphon is entitled to damages for Mr. Phan's infringement of the '544 patent and  
11 trebled damages for Mr. Phan's willful infringement of the '544 patent.

12 13. Kyphon has no adequate legal remedy. Unless enjoined by this Court, Mr. Phan  
13 will continue his acts of infringement to Kyphon's substantial and irreparable harm. Under 35  
14 U.S.C. § 283, Kyphon is entitled to an injunction barring Mr. Phan from further infringement of  
15 the '544 patent.

## 16 SECOND CAUSE OF ACTION

17 (Infringement of U.S. Patent No. 6,623,505)

18 14. Kyphon is the owner by assignment of all rights, title, and interest in and to United  
19 States Patent No. 6,623,505 ("the '505 patent"), issued on September 23, 2003 and entitled  
20 "Expandable Structures for Deployment in Interior Body Regions." The '505 patent is attached as  
21 Exhibit B.

22 15. Mr. Phan is infringing or has infringed the '505 patent directly or indirectly under  
23 35 U.S.C. § 271 by making, using, offering for sale, or selling products for use in performing  
24 kyphoplasty. Mr. Phan's products encompass an invention claimed by the '505 patent or are a  
25 substantial part of such an invention. Mr. Phan's products are specially made or adapted for use  
26 in an invention claimed by the '505 patent and are not staple articles or commodities of commerce  
27 suitable for substantial non-infringing uses. Upon information and belief, Mr. Phan knowingly  
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1 and actively has instructed or continues to instruct purchasers in the use of his products in a  
2 manner that infringes or would infringe the '505 patent.

3 16. Mr. Phan's infringement is without the consent or other authority of Kyphon.  
4 Mr. Phan is not licensed under the '505 patent.

5 17. On information and belief, Mr. Phan has infringed or is infringing the '505 patent  
6 with knowledge of Kyphon's patent rights and despite an objectively high likelihood that his  
7 actions constituted infringement. Mr. Phan's infringement of the '505 patent has been and  
8 continues to be willful.

9 18. Kyphon is entitled to damages for Mr. Phan's infringement of the '505 patent and  
10 trebled damages for Mr. Phan's willful infringement of the '505 patent.

11 19. Kyphon has no adequate legal remedy. Unless enjoined by this Court, Mr. Phan  
12 will continue his acts of infringement to Kyphon's substantial and irreparable harm. Under 35  
13 U.S.C. § 283, Kyphon is entitled to an injunction barring Mr. Phan from further infringement of  
14 the '505 patent.

### 15 **THIRD CAUSE OF ACTION**

16 (Infringement of U.S. Patent No. 6,979,341)

17 20. Kyphon is the owner by assignment of all rights, title, and interest in and to United  
18 States Patent No. 6,979,341 ("the '341 patent"), issued on December 27, 2005 and entitled  
19 "Expandable Preformed Structures for Deployment in Interior Body Regions." The '341 patent is  
20 attached as Exhibit C.

21 21. Mr. Phan is infringing or has infringed the '341 patent directly or indirectly under  
22 35 U.S.C. § 271 by making, using, offering for sale, or selling products for use in performing  
23 kyphoplasty. Mr. Phan's products encompass an invention claimed by the '341 patent or are a  
24 substantial part of such an invention. Mr. Phan's products are specially made or adapted for use  
25 in an invention claimed by the '341 patent and are not staple articles or commodities of commerce  
26 suitable for substantial non-infringing uses. Upon information and belief, Mr. Phan knowingly  
27 and actively has instructed or continues to instruct purchasers in the use of his products in a  
28 manner that infringes or would infringe the '341 patent.

22. Mr. Phan's infringement is without the consent or other authority of Kyphon.

Mr. Phan is not licensed under the '341 patent.

23. On information and belief, Mr. Phan has infringed or is infringing the '341 patent with knowledge of Kyphon's patent rights and despite an objectively high likelihood that his actions constituted infringement. Mr. Phan's infringement of the '341 patent has been and continues to be willful.

24. Kyphon is entitled to damages for Mr. Phan's infringement of the '341 patent and trebled damages for Mr. Phan's willful infringement of the '341 patent.

25. Kyphon has no adequate legal remedy. Unless enjoined by this Court, Mr. Phan will continue his acts of infringement to Kyphon's substantial and irreparable harm. Under 35 U.S.C. § 283, Kyphon is entitled to an injunction barring Mr. Phan from further infringement of the '341 patent.

#### FOURTH CAUSE OF ACTION

(Breach of Contract)

26. Mr. Phan was Kyphon employee between April 2000 and March 2005.

27. On April 5, 2000, Mr. Phan executed a Proprietary Information Agreement. Under paragraph 2(a) of the Proprietary Information Agreement, Mr. Phan agreed that, "at all times during the term of my employment and thereafter, [he would] hold in strictest confidence, and not . . . use, except for the benefit of the Company, or . . . disclose to any person, firm or corporation without written authorization of the Board of Directors of the Company, any Confidential Information of the Company." The Proprietary Information Agreement is attached as Exhibit D.

28. On February 22, 2005, Mr. Phan tendered his resignation, effective March 1, 2005. On February 28, 2005, Mr. Phan agreed that he would "preserve as confidential all trade secrets, confidential knowledge, data or other proprietary information relating to products, processes, know-how, designs, formulas, developmental or experimental work, computer programs, data bases, other original works of authorship, customer lists, business plans, financial information or other subject matter pertaining to any business of the Company or any of its employees, clients, consultants or licensees." The Termination Certification is attached as Exhibit E.

29. Notwithstanding the explicit terms of the Proprietary Information Agreement and Termination Certification, Mr. Phan has breached the Proprietary Information Agreement by disclosing confidential information concerning Kyphon and its kyphoplasty products to others, including Peter Kyone Park and individuals in the Republic of Korea, without authorization.

30. As a result of Mr. Phan's breach of contract, Kyphon has suffered and will continue to suffer damages.

### FIFTH CAUSE OF ACTION

(Conversion)

31. During his employment with Kyphon, Mr. Phan knowingly and intentionally converted all or parts of Kyphon's bonding and balloon machines and other components used to manufacture Kyphon's kyphoplasty products by removing them from Kyphon's premises. Mr. Phan has used the materials he converted to manufacture kyphoplasty machines, devices, or components for companies other than Kyphon.

32. Mr. Phan's 's conversion of Kyphon's property has interfered with Kyphon's rights to this property. Mr. Phan's conversion was performed without Kyphon's express or implied authorization.

33. As a result of Mr. Phan's conversion of Kyphon's property, Kyphon has suffered and will continue to suffer damages.

**WHEREFORE, Kyphon requests judgment:**

- A. Declaring that Mr. Phan has infringed the '544, '505, and '341 patents;
- B. Declaring that Mr. Phan has breached the Proprietary Information Agreement with Kyphon;
- C. Declaring that Mr. Phan has converted Kyphon's property;
- D. Preliminarily and permanently enjoining Mr. Phan and his employees, agents, servants, or any other person or entity acting in privity or in concert with him from further infringement of the '544, '505, and '341 patents;

- 1 E. Preliminarily and permanently enjoining Mr. Phan and his employees, agents,  
2 servants, or any other person or entity acting in privity or in concert with him from  
3 disclosing Kyphon's confidential information to unauthorized parties;  
4 F. Ordering Mr. Phan to return the property that he removed from Kyphon's premises  
5 without authorization;  
6 G. Awarding Kyphon its damages, together with pre-judgment interest and costs, for  
7 Mr. Phan's infringement of the '544, '505, and '341 patents, and increasing said  
8 damages by up to three times under 35 U.S.C. § 284;  
9 H. Awarding Kyphon its damages, together with pre-judgment interest and costs, for  
10 Mr. Phan's breach of his agreements with Kyphon;  
11 I. Awarding Kyphon its damages, together with pre-judgment interest and costs, for  
12 Mr. Phan's conversion of Kyphon's property;  
13 J. Declaring this to be an exceptional case under 35 U.S.C. § 285;  
14 K. Awarding Kyphon its reasonable attorneys' fees, costs, and disbursements in this  
15 action, with interest; and  
16 L. Awarding Kyphon such other and further relief as this Court may deem just and  
17 proper.

18 Dated: August 21, 2007

MICHAEL A. JACOBS  
GRANT L. KIM  
RICHARD S.J. HUNG  
MORRISON & FOERSTER LLP

21 By:   
22 \_\_\_\_\_

Richard S.J. Hung

Attorneys for Plaintiff



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Dated: August 21, 2007

MICHAEL A. JACOBS  
GRANT L. KIM  
RICHARD S.J. HUNG  
MORRISON & FOERSTER LLP

Richard S.J. Hung

Attorneys for Plaintiff